

| Criteria Question To Be Answered | Findings |
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| | <i>unloaded after it arrives at the Distribution Center.</i> |
| Does the WSLCB understand potential conflicts in its dual mission and manage them successfully? | <ul style="list-style-type: none"> ▪ <i>The WSLCB understands and manages their dual mission responsibly.</i> |
| Does the Board delegate authority to the person in charge of operations? | <ul style="list-style-type: none"> ▪ <i>The Board has delegated authority for some of the operational activities to the Administrative Director. However, many stakeholders believe that there are more operational responsibilities that should be delegated to the Administrative Director.</i> |
| Are the Board responsibilities compared with the Agency management responsibilities clearly defined? | <ul style="list-style-type: none"> ▪ <i>Responsibilities are relatively well defined. There is some confusion around the definition of policy. Is policy specific to rules and legislation or does it also include day to day policy and procedures?</i> |
| Has the WSLCB developed performance indicators and a method of monitoring the outcomes? | <ul style="list-style-type: none"> ▪ <i>There are high level performance indicators such as revenue collected and licenses approved that can be found in the WSLCB's annual report;</i> ▪ <i>Some Divisions have also developed performance measures and are monitoring outcomes; and</i> ▪ <i>There are noted shortcomings in data for some critical performance measures, such as individual store profitability, that are important for management.</i> |
| Does the WSLCB provide an annual report to inform the public and stakeholders regarding achievement of outcomes? | <ul style="list-style-type: none"> ▪ <i>The WSLCB routinely provides an annual report to its stakeholders and the public.</i> |

Criteria Question To Be Answered

Findings

Does the WSLCB successfully balance the interests of all external stakeholders?

- In general, external stakeholders speak highly of the WSLCB and the work that they do. They believe that WSLCB balances a difficult and conflicting mission very well;
- External stakeholders also believe that the Business Advisory Council is becoming a good tool for them to have a voice and to partner with the WSLCB; and
- Other forums exist for external stakeholders that are not a part of the Business Advisory Council, such as the Contract Store Managers Council.

Do the board members serve the interests of public, external stakeholders, and the WSLCB and not their own individual or special interests?

- Although the Board is accessible to all stakeholders and the public, there is no indication that Board members unduly influence any WSLCB process on behalf of stakeholders or to benefit themselves.

Does the Board adequately represent the WSLCB policy and fiscal needs with the Legislature and Governor?

- Although neither a legislator or a person from the executive branch was interviewed, stakeholders believe the Board represents the industry well and Board members appear to be in good standing; and
- The Governor and Legislature recently appropriated new funds for operational improvements.

Does the Board expect and receive clear policy analysis from Agency management and staff prior to decision-making?

- The Board reports that they receive clear policy analysis and options from the management and staff.

Does the Board provide clear decision criteria by which it will sort and prioritize multiple and often competing expectations?

- Decision criteria are not written and some stakeholders believe there could be clearer policy statements and more consistent application of them.

Does the Board provide consistent and accurate policy determinations and enforcement actions?

- The Board provides consistent and timely appeals for licensing and enforcement actions.

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interventions could be minimized reducing the effect of entry errors and the appearance of any manipulation of data to get a desired result.

Having a system that supports the capture and analysis of retail data will enhance the Agency's ability to more accurately forecast revenue. Currently, the Financial Division has limited resources devoted to the development of forecasts and as such the analysis of why actual revenues did not more closely match forecasted revenues is not currently a priority. Unless it is very obvious as to why a revenue figure did not come in as anticipated, the root cause of the difference is not researched until a trend has been established. More efficient information technology systems and automation of the forecasting model will mean that there will be more time for analysis of data including drivers and trends in both expenditures and revenues.

The data necessary to more accurately forecast WSLCB's revenue is not accessible or not captured currently due to system limitations. Increased accuracy in the revenue forecasting process would mean that the State Legislature could effectively appropriate State General Funds and ultimately provide more services to the Washington public. A more accurate forecast would essentially mean funds are available earlier to enhance public welfare.

C. Implications of Revenue Growth on Public Safety

Based on the analysis of the revenue forecasts' data and growth factors presented above, there is no indication that there will be a significant increase in alcohol consumption. As a result, the WSLCB will be confronted with the same public safety issues they deal with today. Since the WSLCB does not create revenue forecasts past the current or ensuing biennium, it is difficult to determine if there will be an impact on public safety due to extensive growth in liquor revenue. Revenue forecasts for the 2006-2007 biennium indicate a 5.45% growth in Fiscal Year 2006 and a 5.3% growth in Fiscal Year 2007. These forecasts take into account the new \$1.33 per liter tax.

Per capita consumption has remained fairly static over the past ten years as validated by the table below.

**Washington State Alcoholic Beverage
Per Capita Apparent Consumption (In Gallons)
Age 21 Years and Over***

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Malt | | | | | | | | | | |
| Beverages | 29.75 | 28.63 | 29.01 | 28.11 | 28.51 | 28.48 | 27.57 | 27.64 | 28.97 | 29.12 |
| Wine | 3.80 | 3.95 | 4.05 | 4.16 | 4.12 | 4.17 | 4.09 | 4.08 | 3.92 | 4.20 |
| Spirits | 1.80 | 1.75 | 1.75 | 1.74 | 1.77 | 1.81 | 1.80 | 1.81 | 1.83 | 1.91 |

**Based on population figures from the Office of Financial Management.*

National studies on health related illnesses tied to alcohol abuse indicate that there is a significant annual growth in costs associated with treating alcohol related illnesses. The minimal growth in

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WSLCB revenues may not be sufficient enough to offset the annual percentage increase in healthcare treatment costs for alcohol abuse related illnesses. If the revenue distribution percentage to drug and alcohol abuse treatment programs is not increased at essentially the same rate as the growth in healthcare costs, fewer individuals seeking services will be able to receive them each year.

Note: On August 24, Public Knowledge provided 10 years of per capita consumption data (Provided by WSLCB) to Pacific Institute Research and Evaluation (PIRE). PIRE has agreed to analyze the data and provide an assessment of the public safety impacts and costs that may result from an increase in consumption.